

Message Text

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FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 2668

INFO AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY TAIPEI

USLO PEKING

CINCPAC HONOLULU HI

S E C R E T SECTION 1 OF 3 HONG KONG 11725

LIMDIS

C O R R E C T E D C O P Y (PARAS 2. AND 3.)

NOFORN

CINCPAC FOR POLAD

E.O. 11652: XGDS-2

TAGS: PFOR, CH, XD

SUBJECT: CHINA AND SOUTH ASIA

REF: A) HONG KONG 3259; B) HONG KONG 2946; C) NEW DELHI
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SUMMARY: CHINA HAS CONTINUED TO PUSH FOR DETENTE IN HER SOUTH
ASIAN BACKYARD. UNTIL MID-1974 AND INDIAN MOVES IN SIKKIM,
CHINA SEEMED OPTIMISTIC ABOUT THE PROSPECTS FOR THE DEVELOPMENT

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OF GOOD NEIGHBORLY RELATIONS AMONG AND WITH THE NATIONS OF THE

INDIAN SUBCONTINENT. ALTHOUGH SINO-INDIAN RELATIONS HAVE DETERIORATED IN RECENT MONTHS PEKING AND DELHI CONTINUE THEIR HIGH-LEVEL AND SECRET DIALOGUE. RELATIONS WITH PAKISTAN ARE GOOD AND PEKING SEEMS SATISFIED WITH THE CURRENT STATE OF SINO-BANGLADESH RELATIONS. TIES WITH HER HIMALAYAN NEIGHBORS ARE BEING STRENGTHENED. WITH US AND CHINA BOTH SHARING AN INTEREST IN A STABLE AND PEACEFUL SOUTH ASIA, PEKING WOULD NOT BE ADVERSE TO US EFFORTS WHICH TEND TO PROMOTE AND COMPLEMENT ONGOING PRC INTERESTS ALONG THESE LINES.

END SUMMARY.

1. CHINA HAS CONTINUOUSLY PUSHED FOR DETENTE IN HER SOUTH ASIAN BACKYARD. FOLLOWING THE 1972 INDO-PAK TALKS AT SIMLA, CHINA SEEMED OPTIMISTIC ABOUT PROSPECTS FOR PEACE ON THE INDIAN SUBCONTINENT. MOVING IN TANDEM WITH PAKISTAN, PEKING ACTIVELY PROMOTED EFFORTS TO LOWER TENSIONS IN SOUTH ASIA AND CONCITANTLY TO REDUCE OPPORTUNITIES FOR SOVIET POWER THRUSTS IN THE AREA. IN APRIL, CHINA WELCOMED THE INDO-PAK-BANGLADESH AGREEMENT AND WAS CLEARLY PREPARING THE WAY FOR ESTABLISHMENT OF RELATIONS WITH DACCA AND IMPROVEMENT OF TIES WITH NEW DELHI. IN MAY, PEKING REACTED WITH MODERATION AND RESTRAINT TO INDIA'S FIRST NUCLEAR TEST. CONFIDENT OF ITS OWN SUPERIOR NUCLEAR CAPABILITY, THE PRC INDICATED (PRIVATELY) THAT THE TEST HAD NO EFFECT ON THE REGIONAL BALANCE OF POWER. HOWEVER, THE PRC FOREIGN MINISTRY'S SEPTEMBER 11 STATEMENT SHARPLY DENOUNCING INDIA'S "ANNEXATION" OF SIKKIM REVEALS A CHINA NOW LESS SANGUINE ABOUT THE OUTLOOK FOR PEACE, STABILITY AND THE DEVELOPMENT OF GOOD NEIGHBORLY RELATIONS IN SOUTH ASIA.

2. SINO-INDIAN RELATIONS: POOR BUT A DIALOGUE CONTINUES

HOPE FOR FURTHER PROGRESS TOWARD A SINO-INDIAN RAPPROCHEMENT HAS FADED SINCE MID-SUMMER WHEN THE PRC WAS STILL SIGNALING INTEREST IN BETTER RELATIONS WITH INDIA. AN UNOFFICIAL, BUT APPROVED, INDIAN DELEGATION VISITING CHINA IN JUNE WAS ACCORDED HIGH-LEVEL ATTENTION. POLITBURO MEMBER AND PARTY VICE-CHAIRMAN YEH CHIEN-YING PUBLICLY ASSURED THEM OF CHINA'S DESIRE FOR IMPROVED RELATIONS WHILE PRIVATELY THE TWO COUNTRIES WERE ACTIVELY DISCUSSING WHICH SIDE WAS TO TAKE THE FIRST STEP IN

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THE EXCHANGE OF AMBASSADORS. (PEKING INSISTS THAT DELHI LEAD THE WAY.) BUT BY LATE SUMMER INDIAN COMMISSION OFFICIALS IN HONG KONG IN CONVERSATIONS WITH US CONGENOFF'S WERE DISCOUNTING PROSPECTS FOR UPGRADING STATE-TO-STATE RELATIONS. WHEN INDIA MOVED ON SIKKIM, CHINA REACTED STRONGLY. IN A DEPARTURE FROM RECENT PRACTICE, ITS SCATHING REBUKE OF NEW DELHI'S ACTION IN SIKKIM CRITICIZED PREMIER INDIRA GANDHI BY NAME. MOREOVER, RECENT REPORTS THAT SOME 200 NAGA AND MIZO REBELS ARE HEADING

TO CHINA FOR TRAINING WILL NOT REDUCE INDIAN SUSPICIONS ABOUT
PRC INTENTIONS.

3. MUTUAL SUSPICION AND SKEPTICISM OF THE OTHER'S INTENTIONS
HAVE HEIGHTENED. THE PRC CONSIDERS SIKKIM AN IMPORTANT BUFFER
IN SINO-INDIAN RELATIONS AND QUESTIONS INDIA'S ULTERIOR MOTIVE
IN EXPANDING CONTROL OVER THE TINY HIMALAYAN KINGDOM. CHINA
PUBLICLY DECLARED ITS ABSOLUTE REFUSAL TO RECOGNIZE THE ILLEGAL
"ANNEXATION." BUT CHINESE OFFICIALS ARE CONCERNED THAT THE
DESTABILIZING MOVE INCREASES THE POSSIBILITY OF SOME MINOR INCI-
DENT OR RASH ACTION BY EITHER SIDE SPARKING A MAJOR BORDER CON-
FRONTATION (REF D). ALONG WITH OTHER STATES IN THE AREA, CHINA ALSO
SHARES GROWING FEELINGS OF UNEASINESS AND UNCERTAINTY CON-
CERNING INDIAN INTENTIONS IN OTHER AREAS IN THE HIMALAYAN
BORDER REGION.

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4. PRC MEDIA CONTINUES TO BLAME MOSCOW'S TROUBLEMAKING AS THE MAJOR CAUSE OF INSTABILITY IN SOUTH ASIA. HOSTILITY AND FEAR OF CHINA PROVIDE PART OF THE CEMENT OF THE INDO-SOVIET RELATIONSHIP. MOSCOW WOULD GAIN NOTHING FROM A SINO-INDIAN RAPPROCHEMENT, WHICH WOULD PERMIT INDIA TO LESSEN DEPENDENCE ON THE SOVIETS--A DESIRE VIOLATED BY NEW DELHI IN MID-1973. SETTING FORTH ITS CASE, CHINA CHARGES THAT INDIA HAS "ALWAYS PURSUED A COLONIALIST POLICY TOWARD SIKKIM" AND PUBLICLY INFERS THAT MOSCOW IS THE "BOSS BEHIND THE SCENES AS WELL AS THE ABETTOR OF INDIAN EXPANSIONISM." PRIVATELY, HOWEVER, THE CHINESE HAVE BEEN CAREFUL NOT TO OVERDO THE SOVIET CONNECTION.

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5. NEVERTHELESS, RECENT EVIDENCE INDICATES THAT AN UNPUBLICIZED HIGH-LEVEL SINO-INDIAN DIALOGUE HAS BEEN TAKING PLACE AND IS CONTINUING VIA SELECT AND HIGHLY RESTRICTED CHANNELS. CHINA'S OTHERWISE PUZZLING RESPONSE TO INDIA'S MOVES IN SIKKIM RELATES DIRECTLY TO PEKING'S VIEW THAT INDIA'S ACTIONS ARE INCONGRUOUS WITH THE SPIRIT OF THEIR PRESENT DIALOGUE. FOR PEKING, DELHI'S MOVES IN SIKKIM ONLY SERVE TO COMPOUND PROBLEMS AND SLOW THE MOMENTUM TOWARD DETENTE AS CHINA'S OWN SUCCESSION PROBLEMS INJECT AN ADDED SENSE OF URGENCY. THE AGING PRC LEADERSHIP DESIRES TO BEQUEATH ITS SUCCESSORS AT THE MINIMUM AN AGREED-UPON FRAMEWORK FOR THE PEACEFUL AND MUTUALLY SATISFACTORY RESOLUTION OF SINO-INDIAN PROBLEMS, THE KEY TO FUTURE SECURITY OF CHINA'S SOUTH ASIAN BORDERS. (REF D).

6. SINO-PAK RELATIONS: GOOD

ON THE BRIGHTER SIDE FOR CHINA RELATIONS BETWEEN PEKING AND ISLAMABAD REMAIN GOOD AND SOLID. PRESIDENT BHUTTO'S SEPTEMBER EXCURSION SOME 30 MILES ACROSS THE SINO-PAK BORDER INTO SINKIANG PROVINCE TO VISIT A CHINESE FRONTIER CHECKPOINT AND MEET WITH WORKERS CONSTRUCTING THE KARAKORAM HIGHWAY LINKING THE TWO COUNTRIES SEEMED CLEARLY DESIGNED TO UNDERSCORE THE STRENGTH AND IMPORTANCE OF SINO-PAK TIES. (PRC MEDIA NOTED THAT AMONG THOSE PERSONS WELCOMING BHUTTO WERE MEMBERS OF THE PLA COMMAND IN SINKIANG.) THE CHINESE HAVE EXPLICITLY BACKED PAKISTAN'S POSITION ON KASHMIR. FOCUSING OF ATTENTION ON THE CHINESE ROAD BUILDING CONTINGENT (VARIOUSLY REPORTED TO NUMBER 3,000 TO 18,000) (DIA 7393) SERVED AS A WARNING AGAINST ANY PARTY CONTEMPLATING MOVES IN THAT AREA. MEANWHILE, PAK SUSPICIONS OF A NUCLEAR INDIA, THE DAMPENED PROSPECTS FOR IMPROVED SINO-INDIAN RELATIONS, PRC INTEREST IN FRUSTRATING MOSCOW DESIRES FOR A LAND CORRIDOR OF CLIENT STATES TO THE INDIAN OCEAN, AS WELL AS ISLAMIC ISLAMABAD'S SOLID

STANDING WITHIN THE THIRD WORLD AND ARAB RELATIONS ALL POINT TO A LIKELY TIGHTER SINO-PAK RELATIONSHIP WHICH IS KEYED ON MUTUAL ANTAGONISM TO INDIA. THUS, A SUCCESSFUL BHUTTO TRIP TO MOSCOW AND OTHER SIGNS OF RENEWED SOVIET INTEREST IN STRENGTHENING PAKISTAN WOULD PROBABLY BE WELCOMED BY PEKING FOR ITS NEGATIVE IMPACT IN DELHI.

7. PRC-BANGLADESH RELATIONS: SATISFACTORY

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THAT PEKING'S HIGH STANDING IN THE FORMER EAST PAKISTAN SUFFERED A SERIOUS DECLINE DURING THE INDO-PAK CONFLICT WAS A MATTER OF SOME CONCERN TO CHINA. DACCA SHOWED LITTLE APPRECIATION OF THE DILEMMA WHICH HIGHLIGHTED THE CONTRADICTIONS BETWEEN PEKING'S PROFESSED SUPPORT FOR WARS OF LIBERATION AND ITS REQUIRED PUBLIC SUPPORT FOR YAHYA KHAN'S GOVERNMENT. BANGLADESH LEADERS CONSIDERED THE PRC AS A NEW AND HOSTILE ADVERSARY. IN THE WAR'S AFTERMATH, PEKING POINTEDLY REFRAINED FROM CRITICISM OF DACCA, AND PLAYED UP STRAINS IN THE SOVIET AND INDIAN RELATIONSHIP WITH DACCA. PRC MEDIA POINTED OUT DISSATISFACTION AND PROBLEMS IN INDO-BANGLADESH RELATIONS AND CAREFULLY SIDED WITH DACCA. (IN VETOING BANGLADESH'S ENTRY INTO THE UN, CHINESE LEADERS WERE ANXIOUS TO AVOID APPEARING INTRANSIGENT AND CONSISTENTLY MAINTAINED THAT CHINA WAS NOT "UNALTERABLY" OPPOSED TO BANGLADESH. THE PRC EXPLICITLY LINKED ITS VETO TO THE NEED FOR STEPS TOWARD RESOLUTION OF DISPUTES ON THE SUBCONTINENT.) AS A CONCILIATORY GESTURE AND INDICATIVE OF CHINA'S DESIRE FOR GOOD NEIGHBORLY RELATIONS, THE PRC RED CROSS RECENTLY CONTRIBUTED GOODS VALUED AT APPROXIMATELY US\$1 MILLION TO FLOOD VICTIMS IN BANGLADESH.

8. IT WAS NOT UNTIL IMPLEMENTATION OF THE TRIPARTITE AGREEMENT OBVIATED PEKING'S OBJECTIONS TO DACCA'S UN ENTRY THAT THE PATH FOR IMPROVED TIES WITH DACCA WAS CLEARED. CHINA IS CONCERNED ABOUT GROWING SOVIET INFLUENCE AND HAS INDICATED A DESIRE TO ESTABLISH AN EMBASSY IN DACCA. BUT WITH EVIDENCE OF NOW INCREASING ANTI-SOVIET, ANTI-INDIAN SENTIMENT COUPLED WITH CALLS FOR IMPROVED TIES WITH CHINA EMANATING FROM DACCA, PEKING SEEMS IN LITTLE HURRY TO MOVE AHEAD WITH THE ESTABLISHMENT OF DIPLOMATIC RELATIONS. FOR THE MOMENT, SHE APPEARS CONTENT TO ALLOW PAKISTAN TO PAVE THE WAY.

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9. HIMALAYAN TIES: STRENGTHENING

PEKING HAS CONTINUED TO PROFIT FROM ANTI-INDIAN SENTIMENT AND SUSPICION OF DELHI'S INTENTIONS IN THE HIMALAYAN BORDER REGIONS. THE PRC HAS CAREFULLY CULTIVATED TIES WITH NEPAL. KATHMANDU'S ULTIMATUM CALLING FOR THE EXILED REBEL TIBETAN KHAMPA TRIBESMEN CONDUCTING FORAYS INTO CHINESE TERRITORY TO DISARM AND SETTLE HAS BEEN ONE DIVIDEND OF CHINA'S EFFORTS. TIES WITH BHUTAN HAVE BEEN ACCORDED ADDED EMPHASIS. BUT WHILE ENDEAVORING TO IMPROVE ITS POSITION VIS-A-VIS DELHI, PEKING HAS STRESSED THE NEED FOR SELF-RELIANCE AND PROFFERS A CAUTIOUS MIX OF TRADE AND ECONOMIC ASSISTANCE, COUPLED WITH VERBAL AND SECRET

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MORAL SUPPORT. (IN THE CASE OF SIKKIM, CHINA'S VITRIOLIC RESPONSE TO THE INDIAN ACTIONS PRESAGED NO MOVE TO ASSIST

SIKKIM OR THE CHOGYAL BEYOND EXPRESSIONS OF SUPPORT FOR THE PEOPLE'S STRUGGLE FOR NATIONAL INDEPENDENCE.) PLAYING UP THE INDIAN "BULLY" THEME, PEKING HAS OFFERED THE LAND-LOCKED STATES OF NEPAL AND BHUTAN ALTERNATE LINKS WITH THE WORLD VIA CHINA, WHILE REALISTICALLY INDICATING THAT CHINA CANNOT REPLACE THESE COUNTRIES' ECONOMIC RELIANCE ON INDIA (REF D). (THE OVERWHELMING MAJORITY OF THEIR TRADE IS WITH INDIA.) THUS, THE PRC PROPOSED CONSTRUCTION OF A SERIES OF FEEDER ROADS FROM NEPAL AND BHUTAN TO CHINA--IF THEY CAN BE MAINTAINED--WOULD BE USEFUL PRIMARILY FOR THEIR STRATEGIC AND PSYCHOLOGICAL VALUE.

10. THE FUTURE AND IMPLICATIONS FOR US RELATIONS IN SOUTH ASIA

DESPITE PEKING'S CURRENT LESS SANGUINE ASSESSMENT, SHE WILL PROBABLY CONTINUE TO PUSH FOR RELAXATION OF TENSIONS IN SOUTH ASIA. THE INHERENT SUCCESSES OF THE POLICY TO DATE AND ITS LOW COST, LOW RISK FEATURES TEND TO WEIGH HEAVILY IN FAVOR OF ITS CONTINUATION. IN THE FUTURE, WE WOULD EXPECT PEKING TO INTENSIFY EFFORTS TO STRENGTHEN TIES WITH INDIA'S NEIGHBORS IN HOPE OF WEAKENING INDIAN INFLUENCE IN THE REGION. THE PRC ALSO HAS A DEFINITE INTEREST IN WEANING INDIA AWAY FROM THE SOVIETS. ALTHOUGH THE PRC PROBABLY FEELS FRUSTRATED THUS FAR IN SUCH ATTEMPTS, THE WEAKENING OF INDO-SOVIET TIES IS SUFFICIENTLY IMPORTANT TO THE PRC TO CONTINUE SUCH EFFORTS WHILE REMAINING FLEXIBLE IN REACTING TO ANY POSSIBLE FUTURE INDIAN OVERTURES TO IMPROVE SINO-INDIAN TIES.

11. CHINA AND THE US SHARE AN INTEREST IN A STABLE SOUTH ASIA. WITHIN THE BROAD CONTEXT OF COUNTERING THE SOVIETS AND COPING WITH INDIA--THE TWO MAJOR DETERMINANTS SHAPING PRC POLICIES, CHINA WILL NOT VIEW ADVERSELY US EFFORTS WHICH TEND TO COMPLEMENT HER OWN, PARTICULARLY AN IMPROVEMENT IN INDO-US RELATIONS, AFFIRMATION OF A CONTINUING US COMMITMENT TO PAKISTAN AND EXPRESSION OF US INTEREST IN MAINTAINING GOOD RELATIONS WITH BANGLADESH. THE PRC, HOWEVER, WOULD PREFER TO SEE THE US BALANCE RATHER THAN SIMPLY REPLACE THE SOVIETS IN INDIA. FOR PEKING, THE BEST SHORT TERM SITUATION WOULD BE CLOSER INDO-US TIES AND WEAKENING INDO-SOVIET TIES AND AN INDIA ANXIOUS FOR IMPROVED
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RELATIONS WITH CHINA.
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